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AMERICAN GAS AND ELECTRIC COMPANY


AND

THE NORTHERN TRUST COMPANY

Agreement

Dated March 1, 1918

THREE-YEAR SIX PER CENT. CONVERTIBLE
SECURED GOLD NOTES



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AN AGREEMENT, made as of the first day of March, A. D. 1918, between AMERICAN GAS AND ELECTRIC COMPANY, a corporation duly incorporated and existing under and by virtue of the laws of the State of New York, hereinafter sometimes called the Company, party of the first part, and THE NORTHERN TRUST COMPANY, a corporation duly incorporated and existing under and by virtue of the laws of the State of Illinois, as Trustee, hereinafter sometimes called the Trustee, party of the second part.

WHEREAS, the Company has determined to make an issue of notes to be known as its Three Year Six Per Cent. Convertible Secured Gold Notes to an amount not to exceed in the aggregate Three Million Five hundred thousand Dollars (\$3,500,000), principal amount, at any one time outstanding, in denominations of \$1,000, dated as of March 1, 1918, to mature March 1, 1921; all of said notes to be payable at the office of the Trustee in the City of Chicago, or at the office or agency of the Company, in the Borough of Manhattan, City of New York, in gold coin of the United States of America of or equal to the present standard of weight and fineness, with interest at the rate of six per centum (6%) per annum from the first day of March, 1918, payable semi-annually in like gold coin on the first days of September and March until the maturity of said notes, at the office of the Trustee in the City of Chicago, or at the office or agency of the Company in the Borough of Manhattan, City of New York, but only upon presentation and surrender, as they shall severally mature, of the interest coupons to be thereto annexed; and

WHEREAS, the Company has determined to secure the payment of the principal and interest of said notes by executing this agreement and assigning and pledging to The Northern Trust Company as Trustee, First Mortgage Thirty-Year Five Per Cent. Gold Bonds of Indiana General Service Company, due January 1, 1948, subject to the trusts and obligations in this agreement contained; and

WHEREAS, the said notes and coupons pertaining thereto, the form of registration and the Trustee's certificate on said notes shall be in substantially the following forms:

[FORM OF NOTE.]

UNITED STATES OF AMERICA
 AMERICAN GAS AND ELECTRIC COMPANY
 THREE YEAR SIX PER CENT. CONVERTIBLE SECURED GOLD
 NOTE.

No.	\$1,000.
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AMERICAN GAS AND ELECTRIC COMPANY (hereinafter termed the Company), a corporation duly incorporated under the laws of the State of New York, for value received, promises to pay to the bearer, or, if this note is registered, to the registered holder hereof, on the first day of March, 1921, One Thousand Dollars (\$1,000) in gold coin of the United States of America of or equal to the present standard of weight and fineness; and to pay interest on said sum from the first day of March, 1918, at the rate of 6 per centum (6%) per annum, payable in like gold coin, semi-annually on the first days of September and March, in each year, in accordance with and upon the presentation and surrender of the interest coupons hereto annexed as they respectively become due. All payments upon this note, both of principal and interest, shall be made at the office in the City of Chicago of the Trustee hereinafter mentioned or at the office or

agency of the Company, in the Borough of Manhattan, City of New York, and in each instance without deduction for any taxes, assessments, or governmental charges which the Company, or the Trustee hereinafter mentioned, may be required to pay or to retain therefrom under any present or future law of the United States or of any state, county, municipality or other taxing authority therein, except inheritance, succession, and/or income taxes, the Company hereby agreeing to pay, except as aforesaid, all such tax or taxes.

This note is one of an issue of notes of the Company known as its Three-Year Six Per Cent. Convertible Secured Gold Notes, limited to the principal amount of \$3,500,000 at any one time outstanding, all of which are issued under and equally secured by an agreement of assignment and pledge executed by the Company to The Northern Trust Company, as Trustee, dated as of March 1, 1918, to which agreement reference is hereby made for a description of the property pledged, the nature and extent of the security and the terms and conditions upon which the notes may be issued and are secured.

In case an event of default as defined in said agreement shall occur, the principal of the notes of said issue may become or be declared due or payable in the manner and with the effect provided in said agreement.

As is more fully provided in said agreement, this note with others aggregating at least \$500,000 in principal amount may be called and redeemed at 100½% of its principal amount and interest at any time prior to maturity, upon previous notice published at least once a week for six consecutive calendar weeks.

This note is convertible at the holder's option upon surrender of the same, with all unmatured coupons attached, to the Company at its office in the Borough of Manhattan, City of New York, at any time before maturity unless called for redemption, and, if called for redemption, at any time not less than ten days prior to the redemption date, into First Mortgage Thirty-Year Five Per Cent. Gold Bonds of Indiana General Service Company issued under the mortgage from said Indiana

General Service Company to Guaranty Trust Company of New York and William C. Cox as Trustees, dated January 2, 1918, at the following rates, viz., from March 1, 1918, to March 1, 1919, at the rate of \$1,000 in notes for each \$1,159 of bonds; from March 1, 1919, to March 1, 1920, at the rate of \$1,000 in notes for each \$1,137 of bonds; and from March 1, 1920, to March 1, 1921, at the rate of \$1,000 in notes for each \$1,114 of bonds; with adjustment of interest; all in accordance with provisions contained in said agreement.

This note shall pass by delivery unless registered in the name of the owner at the Company's registration agency in the Borough of Manhattan, City of New York, and such registration is noted hereon. After such registration no transfer shall be valid unless made on the registration books of the Company by the registered owner in person or by attorney duly authorized in writing and similarly noted hereon. But such note may be discharged from registration by transfer to bearer made on such books and noted hereon, and thereafter shall be transferable by delivery, but may be again from time to time registered or transferred to bearer as before. Such registration, however, shall not affect the negotiability of the coupons which shall always be transferable by delivery and the payment thereof to bearer shall fully discharge the Company in respect of the interest therein mentioned, whether or not this note shall have been registered.

No recourse shall be had for any part of the principal of or interest on this note against any incorporator, or any past, present, or future stockholder, officer, or director of the Company, either directly or through the Company, by virtue of any statute or constitution, or by the enforcement of any assessment or otherwise, any and all liability of each incorporator, stockholder, officer and director of the Company being by the acceptance hereof, and as part of the consideration for the issuance hereof, expressly released.

This note shall not be valid or become obligatory for any purpose until and unless authenticated by the certificate of the Trustee under said agreement, hereon endorsed.

IN WITNESS WHEREOF, AMERICAN GAS AND ELECTRIC COMPANY has caused these presents to be signed by its president or one of its vice-presidents, and its corporate seal to be hereunto affixed, attested by its secretary or one of its assistant secretaries, and has caused the attached interest coupons to be authenticated by the fac-simile signature of its treasurer or an assistant treasurer as of the first day of March, 1918.

AMERICAN GAS AND ELECTRIC COMPANY,

By.....

Attest: *Vice-President.*

.....
Assistant Secretary.

[FORM OF COUPON.]

\$30.00 No.

On the first day of _____, 19____, AMERICAN GAS AND ELECTRIC COMPANY will pay to the bearer at the office of The Northern Trust Company in the City of Chicago, or at the office or agency of the Company in the Borough of Manhattan, City of New York, unless the note mentioned below shall have been called for previous redemption, Thirty Dollars (\$30.00) in United States gold coin of the weight and fineness existing March 1, 1918, without deduction for taxes except inheritance, succession and/or income taxes, being six months' interest then due on its Three-Year Six Per Cent. Convertible Secured Gold Note No.

.....
Treasurer.

[FORM OF TRUSTEE'S CERTIFICATE.]

This is one of the issue of notes referred to in the within mentioned agreement of assignment and pledge.

THE NORTHERN TRUST COMPANY,
Trustee.

By.....
Assistant Secretary.

[FORM OF REGISTRATION.]

NOTICE.—No writing on this note except by an officer or agent of the Registrar.

DATE OF REGISTRY	IN WHOSE NAME REGISTERED	REGISTRAR

and

WHEREAS, all proceedings and things necessary and required by law and the by-laws of the Company to make said notes, when signed and sealed and issued by the Company and authenticated by the Trustee, the valid, binding, and legal obligations of the Company, and to constitute and make these presents a valid and effective agreement of assignment and pledge, have been done and taken and have happened, and the execution and issue of said notes and the execution and acknowledgment of these presents have in all respects been duly authorized by the Company:

NOW, THEREFORE, THIS AGREEMENT WITNESSETH, that in order to secure the payment of the principal and interest of all notes at any time issued and outstanding under this agreement according to their tenor and effect, and to declare the terms and conditions upon which said notes are issued, received, and held, the Company in consideration of the premises and of the purchase and acceptance of said notes by the holders thereof, and of the sum of One Hundred Dollars (\$100), lawful money of

the United States of America, to it duly paid by the Trustee at or upon the ensembling and delivery of these presents, the receipt whereof is hereby acknowledged, has executed and delivered these presents and has bargained, sold, assigned, transferred, pledged, and set over, and by these presents does bargain, sell, assign, transfer, pledge and set over unto the Trustee, its successors and assigns, all and singular the following, to wit:

(a) **\$2,048,500**, principal amount of Indiana General Service Company First Mortgage Thirty-Year Five Per Cent. Gold Bonds, due January 1, 1948, in bearer form, bearing interest from January 1, 1918, secured by the Indiana General Service Company's First Mortgage to Guaranty Trust Company of New York, and William C. Cox, as Trustees, bearing date the second day of January, 1918;

(b) All additional Indiana General Service Company First Mortgage Thirty-Year Five Per Cent. Gold Bonds, with all unmatured coupons attached which may hereafter be deposited hereunder under the provisions hereof by the Company with the Trustee.

TO HAVE AND TO HOLD all and singular the said securities unto said Trustee, its successors and assigns, forever:

BUT IN TRUST, NEVERTHELESS, in accordance with the provisions hereof for the equal and proportionate benefit and security of all the holders of the notes and coupons issued hereunder and secured by this agreement, and for the enforcement and payment of said notes and interest coupons when payable according to their tenor, purport, and effect, and to secure the performance and observance of and compliance with the covenants and conditions of this agreement, without preference, priority, or distinc-

tion as to lien or otherwise of one note over any other note by reason of priority in the issue, sale or negotiation thereof, so that each and every note issued as aforesaid shall have the same right, lien, and privilege under and by virtue of this agreement and so that the principal and interest of every such note shall, subject to the terms hereof, be equally and proportionately secured hereby as though all had been duly issued, sold and negotiated simultaneously with the execution and delivery of this agreement.

THIS AGREEMENT FURTHER WITNESSETH, that the Company has covenanted and agreed and hereby does covenant and agree with the Trustee, and with the respective holders from time to time of the said notes and coupons, as follows, to wit :

ARTICLE ONE.

ISSUE AND DISPOSITION OF NOTES.

SECTION 1.—The notes to be issued hereunder and secured hereby and the interest coupons appertaining thereto shall be substantially of the tenor and purport above recited. The said notes shall be known as Three Year Six Per Cent. Convertible Secured Gold Notes. The coupons to be attached to such notes shall be authenticated by a fac-simile of the signature of the treasurer or an assistant treasurer of the Company ; but the Company may adopt and use for that purpose the signature of any person who shall have been such treasurer or assistant treasurer notwithstanding the fact that the said person may have ceased to be such treasurer or assistant treasurer at the time when such notes shall be actually authenticated and delivered. The aggregate principal amount of all the notes which may be at any time outstanding under this agreement shall not exceed Three Million Five hun-

dred thousand Dollars (\$3,500,000). The notes hereby secured shall be dated as of March 1, 1918. Only such notes as shall bear thereon endorsed a certificate substantially in the form hereinbefore recited and signed by the Trustee shall be secured by this agreement or entitled to any lien, right, or benefit hereunder, and such certificate of the Trustee upon any note executed by the Company shall be conclusive evidence and the only evidence required that the note so authenticated has been duly issued hereunder and that the holder is entitled to the benefit of the trust hereby created.

SECTION 2.—\$1,430,000 in aggregate principal amount of said notes shall be forthwith signed by the Company and presented to the Trustee, and the Trustee, after the deposit hereunder of the \$2,048,500 principal amount of bonds described in paragraph (a) of the granting clause hereof, shall from time to time authenticate and deliver said notes to or upon the written orders of the Company, signed by its president or a vice-president under the corporate seal of the Company, attested by its secretary or an assistant secretary, without any further action on the part of the Company, and such orders shall be the only authority required by the Trustee in authenticating and delivering said notes.

SECTION 3.—Upon deposit and pledge hereunder from time to time with the Trustee of additional Indiana General Service Company First Mortgage Thirty-Year Five Per Cent. Gold Bonds due January 1, 1948, with all then unmatured coupons attached, the Trustee shall, at the request of the Company, evidenced by a copy of a resolution of its board of directors duly certified by its secretary or an assistant secretary, authenticate and deliver to the Company or upon its order additional notes

to be secured hereby, the principal amount of said notes, however, not to exceed seventy per centum (70%) of the principal amount of such additional bonds at the time deposited and pledged under the terms hereof. Whenever notes are paid, retired or cancelled under any of the provisions of this agreement, additional notes to the same principal amount may, upon the request of the Company evidenced as aforesaid, be authenticated and delivered, provided, however, that the aggregate principal amount of notes which may be at any time outstanding under this agreement shall not exceed Three million five hundred thousand dollars (\$3,500,000) and shall not exceed the amount of cash if any at such time deposited with the Trustee under the provisions of Section 4 of Article One or Section 5 of Article Four plus seventy per cent. (70%) of the aggregate principal amount of the bonds at such time pledged as collateral hereunder.

SECTION 4.—The Trustee shall from time to time, upon the written order of the Company, signed in its corporate name by its president or a vice-president under its corporate seal attested by its secretary or an assistant secretary, authenticate and deliver to the Company any of the notes mentioned in Section 3 of this Article One, upon deposit with the Trustee by the Company of cash equal to the amount of the principal of the notes so ordered to be authenticated and delivered. Such cash so deposited shall be held by the Trustee as a part of the security pledged hereunder, and (so long as any of such cash shall remain in the possession of the Trustee) whenever the Company shall have complied with the conditions precedent to the issue of notes under the provisions of said Section 3 of this Article One, and shall have thereby become entitled to the authentication and delivery of notes thereunder, the Trustee shall pay over to

or upon the written order of the Company signed in its corporate name by its president or a vice-president under its corporate seal attested by its secretary or an assistant secretary a sum in cash not to exceed the principal amount of the notes which the Company shall have become entitled to have authenticated; provided, however, that the aggregate cash on deposit with the Trustee for any of the notes referred to and covered by this Section 4 and cash on deposit with the Trustee under Section 5 of Article Four hereof shall not at any one time exceed One Million Dollars (\$1,000,000); and provided, further, that until all of the cash deposited under the provisions of this Section 4 shall have been paid over, no additional notes shall be authenticated under the provisions of Section 3 of this Article One. All sums so deposited under the provisions of this Section 4 may be applied to the redemption of notes under the provisions of Article Five hereof if the Company shall so direct, and if the pledged bonds shall be sold under the power of sale herein provided or otherwise for the enforcement of the security hereby created, all sums then remaining on deposit under the provisions of this Section 4 shall be added to and dealt with as if they were part of the proceeds of such sale.

SECTION 5.—In case any of such notes shall become mutilated or be destroyed, or lost, the Company may, in its discretion, issue, and the Trustee shall authenticate and deliver, a new note of like tenor, date, and amount, bearing the same number, in exchange and substitution for and upon cancellation of the mutilated note, or in lieu of and substitution for the destroyed or lost note. In case of the loss or destruction of any note, satisfactory proof of such loss or destruction and satisfactory indemnity shall be given to the Company and

to the Trustee before a new note shall be issued in its place.

ARTICLE TWO.

REGISTRATION OF NOTES.

SECTION 1.—The Company covenants that it will during the term of this agreement of assignment and pledge maintain a registration agency in the Borough of Manhattan, in the City of New York for the registration as to principal and transfer of the notes secured hereby, and the registration books shall at all reasonable times be open to the Trustee.

SECTION 2.—Each of the notes hereby secured shall pass by delivery, unless it is registered in the owner's name by an officer or agent of the registrar of the Company and such registration is noted thereon. As to all notes so registered, the person in whose name the same shall be registered shall, for all the purposes hereof, be deemed and regarded as the absolute owner thereof, and neither the Company nor the Trustee shall be affected by any notice to the contrary, and after the registration of any such notes payment of or on account of the principal of such notes shall be made only to or upon the order of such registered owner. All such payments so made shall be valid and effectual to satisfy and discharge the liability upon the principal of such note to the extent of the sum or sums so paid. The bearer of any note hereby secured which shall not be registered, as hereinbefore authorized, and the holder of any coupon for interest on any such note, whether such note be registered or not, shall, for all the purposes hereof, be deemed and regarded as the absolute owner of such note or coupon, as the case may be for the purpose of receiving payment thereof, for the purpose of the conversion privilege, and

for all other purposes, and neither the Company nor the Trustee shall be affected by any notice to the contrary. No transfer of any note so registered, as aforesaid, shall be valid unless made on the registration books by the registered owner in person, or by attorney duly authorized in writing, and endorsed on the note by an officer or agent of the registrar of the Company, but the same may be discharged from registry by transfer to bearer, after which it shall be transferable by delivery, but such note may again and from time to time be registered or transferred to bearer as before. Such registration shall not, however, affect the negotiability of the coupons, which shall always be transferable by delivery.

ARTICLE THREE.

PARTICULAR COVENANTS OF THE COMPANY.

SECTION 1.—The Company covenants and agrees with the Trustee, and with the holder of each and every of the notes issued hereunder, that it will duly and punctually pay or cause to be paid the principal of said notes and the interest thereon in gold coin of the United States of America of or equal to the present standard of weight and fineness at the times and places and in the manner mentioned in said notes or in the coupons thereto attached, according to the true intent and meaning hereof, without deduction from either principal or interest for any tax or taxes which the Company or the Trustee may be required to pay thereon or retain or withhold therefrom under any present or future law of the United States, or of any state, county, municipality or other taxing authority therein except inheritance, succession and/or income taxes the Company hereby agreeing to pay (except as aforesaid) all such tax or taxes. Interest on said notes shall be payable only upon presen-

tation and surrender of the coupons annexed thereto, as such coupons respectively mature.

SECTION 2.—The Company, from time to time, will pay and discharge all taxes, assessments or governmental charges lawfully imposed upon the securities pledged hereunder or upon the interest of the Trustee or of the holder of any of the notes issued hereunder in respect thereof; but nothing contained in this Section 2 shall require the Company to pay such taxes, assessments or charges so long as the Company in good faith shall contest the validity thereof.

SECTION 3.—The Company covenants that the First Mortgage Thirty-Year Five Per Cent. Gold Bonds of Indiana General Service Company pledged under this agreement at the time of the authentication, issue and delivery of the notes referred to in Section 2 of Article One hereof have been, and all such bonds to be hereafter deposited hereunder will at the time of such deposit be, duly and validly issued by Indiana General Service Company and duly authenticated, issued and delivered in pursuance of the terms of the First Mortgage dated January 2, 1918, of Indiana General Service Company to Guaranty Trust Company of New York and William C. Cox as Trustees; that said mortgage has been duly and validly authorized, executed and delivered by Indiana General Service Company and constitutes a valid security according to its terms for the said pledged bonds and for all the other bonds issued under said First Mortgage of Indiana General Service Company, and is a valid lien upon the properties therein described.

SECTION 4.—In order to prevent any accumulation after maturity of coupons or claims for interest, the

Company covenants and agrees that it will not directly or indirectly extend or assent to the extension of the time for payment of any coupon or claim for interest upon any of said notes; and it will not, directly or indirectly, be a party to or approve of any such arrangement by purchasing or refunding such coupons or claims for interest or in any other manner. In case the time for payment of any such coupon or claim for interest shall be so extended, whether or not such extension be by or with the consent of the Company, such coupon or claim for interest shall not be entitled in case of default hereunder to the benefit or security of this agreement, except subject to the prior payment in full of the principal of all notes issued hereunder then outstanding, and of all coupons and claims for interest on such notes, the payment of which has not been so extended.

ARTICLE FOUR.

AS TO SECURITIES PLEDGED HEREUNDER.

SECTION 1.—While not in default in respect of any covenant in said notes or in this agreement contained, the Company shall be entitled to receive as they mature, the coupons and interest payable upon the bonds held in pledge hereunder.

SECTION 2.—In case the Company shall be in default in respect of any covenant in said notes or in this agreement contained, the Trustee, upon notice of such default and during the continuance thereof, in addition to the other remedies herein provided, shall revoke any assignments or other orders in favor of the Company or its nominee or nominees by it executed, enabling the Company to receive the coupons and interest payable upon the securities pledged hereunder, and

may, itself, collect and receive all interest represented thereby; and any sums so collected or received shall be applicable, after deducting therefrom all proper charges, costs and expenses of the Trustee, to the payment of interest or other amounts then due on the notes secured by this agreement; but after any defaults shall have been made good by the Company, or shall have been waived by the holders of a majority in amount of the notes hereby secured then outstanding, the right of the Company to receive such coupons and interest shall revive and continue as though such default had not taken place.

SECTION 3.—In case default shall be made in the payment of interest on any of the First Mortgage Thirty-Year Five Per Cent. Gold Bonds of Indiana General Service Company at any time pledged hereunder or on any bonds then secured by the First Mortgage dated January 2, 1918 of Indiana General Service Company to Guaranty Trust Company of New York, and William C. Cox, as Trustees, or in case of any default under the said mortgage, the Trustee, without prejudice to its right to claim a default under this indenture or to assert any right consequent upon such default, shall have and may exercise all the rights of a holder of such bonds for the enforcement thereof or of the security therefor, and any proceeds resulting therefrom shall be held by the Trustee as and be deemed to be part of the collateral hereunder.

SECTION 4.—The Trustee may, but shall not be required to, cause to be registered in its name as trustee, any bonds now or hereafter pledged with it hereunder.

SECTION 5.—While the Company is not in default in respect of any covenant in said notes or in this agreement contained, the Trustee, upon the written order of

the Company signed by its president or a vice-president under the corporate seal of the Company attested by its secretary or an assistant secretary, shall release from pledge hereunder and redeliver to the Company any of the bonds at any time pledged hereunder with all unmatured coupons pertaining thereto upon surrender by the Company to the Trustee for cancellation of notes theretofore issued hereunder, with all unmatured coupons pertaining thereto, upon the basis of One thousand four hundred and twenty-eight 58/100 Dollars (\$1,428.58) principal amount of pledged bonds to be delivered by the Trustee to the Company for each One Thousand Dollars (\$1,000) principal amount of notes so surrendered to the Trustee by the Company for cancellation.

The Trustee, upon like written order of the Company shall, from time to time, release from pledge hereunder and redeliver to the Company any of the bonds at any time pledged hereunder with all unmatured coupons pertaining thereto, upon deposit by the Company with the Trustee of cash equal to seventy per centum (70%) of the principal amount of such First Mortgage Thirty-Year Five Per Cent. Gold Bonds ordered to be delivered; provided, however, that the cash deposited under the provisions of this Section 5 of Article Four and the cash deposited under the provisions of Section 4 of Article One held at any one time by the Trustee shall not exceed in the aggregate One Million Dollars (\$1,000,000). All sums deposited under the provisions of this Section 5 may be applied to the redemption of notes under the provisions of Article Five hereof if the Company shall so direct, and if the pledged bonds shall be sold under the power of sale herein provided or otherwise for the enforcement of the security hereby created, all sums then remaining on deposit under the provisions of this Section

5 shall be added to and dealt with as if they were part of the proceeds of such sale.

ARTICLE FIVE.

REDEMPTION OF NOTES.

The Company shall have the right to call and redeem at any time all, and from time to time any part not less than five hundred thousand dollars (\$500,000) principal amount at any one time, of the said notes issued hereunder and secured hereby and then outstanding, by paying therefor 100½% of the principal amount thereof and all accrued interest thereon to date of redemption.

In case the Company elects so to call and redeem the said notes it shall give written notice to the Trustee, specifying the date of redemption and the principal amount of the notes then to be called and redeemed. In case the Company at any time elects to call a part but not all of the notes outstanding the notes to be called shall be determined by the Trustee by lot in such manner as to the Trustee may seem advisable, and the serial numbers thereof shall be certified to the Company.

Notice of redemption of the notes, which shall state the serial numbers of the notes called, if less than all, and the date and place of payment, shall be published by the Company at least once a week for six successive calendar weeks in a newspaper of general circulation published in the Borough of Manhattan, City of New York, and in a newspaper of general circulation published in the City of Chicago, the last publication of such notice to be not more than ten (10) nor less than two (2) days prior to the date of redemption fixed by said notice; and a copy of such notice shall be mailed at least forty-two days prior to the date fixed for redemption to each registered owner of notes secured hereby at the address of such

registered owner as the same shall appear on the books of the Company.

The Company covenants and agrees to deposit with the Trustee not less than two days prior to the redemption day a sufficient amount of money to redeem the notes called on such day, provided, however, that the Trustee, upon the written order of the Company, signed by its President or a Vice-President, shall apply any sums on deposit with it under the provisions of Section 4 of Article One or Section 5 of Article Four hereof, as if the same had been deposited under the provisions of this Article Five and, to the extent of such applications, the amounts required to be deposited under the provisions of this Article Five shall be reduced. If the amount necessary to redeem the called notes shall have been so deposited with the Trustee for the account of the holder or holders of such notes, and the notice hereinbefore mentioned shall have been duly given and published, and proof, by affidavit, of the proper giving and publishing of such notice lodged with the Trustee prior to such redemption date, the notes called shall be due and payable on the date so specified for redemption, and the Company and the Trustee shall be privileged to consider them redeemed from the holder or holders thereof, and interest thereon shall cease on such date, and coupons thereof maturing after such date shall be void and thereafter said notes shall not be entitled to any benefit of or from this agreement, but shall be entitled solely to payment out of said moneys held for their redemption by the Trustee. Upon the surrender of any such note to the Trustee on or after such date the holder thereof shall be entitled to receive from the Trustee, out of the moneys so deposited, the interest thereon accrued to the date so prescribed for payment and the principal amount of and premium on the said note.

If less than all the notes are called and paid, or called and their payment provided for as herein specified, then the Trustee, upon the written order of the Company signed by its president or a vice-president under the corporate seal of the Company attested by its secretary or an assistant secretary, without further action on the part of the Company, shall release from the pledge hereunder and redeliver to the Company First Mortgage Thirty-Year Five Per Cent. Gold Bonds of Indiana General Service Company deposited with it and pledged hereunder upon the basis of One thousand four hundred and twenty-eight $\frac{5}{100}$ dollars (\$1,428.58) principal amount of pledged bonds to be delivered by the Trustee to the Company for each One thousand dollars (\$1,000) principal amount of notes paid and/or of notes the payment of which is so provided for, but only in so far as such notes have been paid or payment thereof provided for with moneys other than moneys on deposit with the Trustee under the provisions of Section 4 of Article One or Section 5 of Article Four of this agreement. All notes so redeemed shall be forthwith cancelled by the Trustee.

ARTICLE SIX.

CONVERSION OF NOTES.

The Company covenants and agrees that:

The several notes issued hereunder shall be convertible into First Mortgage Thirty-Year Five Per Cent. Gold Bonds of Indiana General Service Company of the issue hereinbefore mentioned at the following rates, viz.: During the period from March 1, 1918, to March 1, 1919, at the rate of \$1,000 in notes for each \$1,159 of bonds; during the period from March 1, 1919, to March 1, 1920, at the rate of \$1,000 in notes for each \$1,137 of bonds, and during the period from March 1, 1920, to March 1,

1921, at the rate of \$1,000 in notes for each \$1,114 of bonds; with adjustment with respect to interest; that is to say, any holder of any of said notes may at any time surrender any note or notes, with all unmatured coupons attached, to the Company at its office in the Borough of Manhattan, City of New York and thereupon without expense to him shall receive from the Company bonds of Indiana General Service Company at the rate above provided for the then current period; provided, however, that no bonds of denominations less than \$100 will be delivered on conversion, but a noteholder who would be entitled as aforesaid to a fractional bond may receive a full bond upon paying to the Company in cash for the additional fractional bond required to make up a full bond at the conversion rate obtaining at the time; that is to say, at the rate of \$86.25, \$88, or \$89.75, as the case may be, per \$100 bond. Upon any such conversion the noteholder shall be entitled to receive from the Company interest upon the converted notes and the Company shall be entitled to receive from the noteholder interest upon the bonds delivered to the noteholder from the date of the last preceding payment of interest upon the notes or the bonds as the case may be to the date of conversion.

The right of conversion as to any notes called for redemption shall continue until ten days before the date fixed for redemption by notice as hereinbefore provided when it shall cease.

ARTICLE SEVEN.

REMEDIES OF TRUSTEE AND NOTEHOLDERS.

SECTION 1.—(a) If default shall be made in the payment of any interest on any note hereby secured and shall continue for thirty (30) days, or (b) if a receiver for the Company or of its property shall be appointed and such

appointment shall not have been set aside or vacated within thirty (30) days, or (c) if default shall be made in the payment of any interest on any of the bonds at any time secured by the First Mortgage of Indiana General Service Company dated January 2, 1918, other than the bonds pledged hereunder, and shall continue for ninety (90) days, or (d) if default shall be made in the payment of any interest on any bonds secured or purporting to be secured by a mortgage or mortgages on the property or any part thereof embraced or purporting to be embraced in the First Mortgage of Indiana General Service Company dated January 2, 1918, and shall continue for ninety (90) days, or (e) if a receiver for Indiana General Service Company or of its property shall be appointed, and such appointment shall remain unvacated for sixty (60) days, or (f) if any default except in payment of principal shall be made hereunder by the Company in any other of the covenants, agreements, or conditions on its part herein contained, and such last mentioned default shall continue for thirty (30) days after notice to it from the Trustee, then and in any such event (herein sometimes termed an event of default) the Trustee may, and upon the request of the holders of fifteen per centum (15%) in principal amount of the notes then outstanding hereunder shall, by notice in writing delivered to the Company, declare the entire principal sum of the notes secured hereby and the interest accrued thereon immediately due and payable, and the said entire principal and interest shall thereupon become and be immediately due and payable; subject, however, to the right of the holders of a majority in principal amount of said notes by written notice to the Trustee and to the Company to annul such declaration and destroy its effect at any time before any sale hereunder, if before any such sale all agreements with respect

to which default shall have been made shall be fully performed and the principal amount of all notes which have become due and payable by maturity and all arrears of interest on all notes outstanding hereunder and the reasonable expenses and charges of the Trustee, its agents and attorneys, and all other indebtedness secured hereby, except the principal of the notes which have not then become due and payable by maturity and interest accrued since the last interest day, shall be paid, or the amount thereof shall be paid to the Trustee for the benefit of those entitled thereto.

SECTION 2.—(a) If default shall be made in the payment of the principal of any of the said notes when the same shall mature, or (b) if default shall be made in the payment of any interest on any note hereby secured and shall continue for thirty (30) days, or (c) if a receiver for the Company or of its property shall be appointed and such appointment shall not have been set aside or vacated within thirty (30) days, or (d) if default shall be made in the payment of any interest on any of the bonds at any time secured by the First Mortgage of Indiana General Service Company dated January 2, 1918, other than the bonds pledged hereunder, and shall continue for ninety (90) days, or (e) if default shall be made in the payment of any interest on any bonds secured or purporting to be secured by a mortgage or mortgages on the property or any part thereof embraced or purporting to be embraced in the First Mortgage of Indiana General Service Company dated January 2, 1918, and shall continue for ninety (90) days, or (f) if a receiver for Indiana General Service Company or of its property shall be appointed and such appointment shall remain unvacated for sixty (60) days, or (g) if any default shall be made hereunder by the Company in any other of the

covenants, agreements, or conditions on its part herein contained, and such last mentioned default shall continue for thirty (30) days after notice to it from the Trustee, then and in any such event, the Trustee shall be entitled, without previous demand upon the Company, and without any notice except as hereinafter provided, to sell the securities pledged to it hereunder, either at public or private sale, in its own discretion, and upon any such sale the Trustee shall have the right to assign, transfer and deliver said securities to the purchaser. The Trustee shall give, as hereinafter specified, to the Company written notice of its intention to make any such sale. Such notice in case of sale at public auction shall state the time and place fixed for such sale, and in case of sale at broker's board shall state the board at which said sale is to be made and the day on which the collateral will first be offered for sale at said board.

Notice shall be deemed sufficiently given if mailed, at least ten days before the date of sale, in a post-paid wrapper, addressed to the Company at 30 Church Street, New York, N. Y., or at such other address as the Company may have given to the Trustee for the purpose. The Trustee shall not, however, be obliged to make any sale pursuant to such notice. The Trustee may adjourn any public sale or cause the same to be adjourned from time to time without notice or publication, and such sale may be made at the time and place to which the same may be so adjourned. At any such public sale the Trustee or any of the noteholders or its or their agents or assigns may bid for and purchase the securities pledged hereunder, or any part thereof, and upon compliance with the terms of sale may hold, retain and dispose of the securities purchased without further accountability.

Upon any sale had hereunder, whether pursuant to the exercise of the power of sale herein granted to the Trustee or by virtue of judicial proceedings for the enforcement of the lien hereof, any purchaser, for the purpose of making settlement or payment of the purchase price, shall be entitled to turn in any of the said notes and any matured and unpaid coupons and shall be credited on account of the purchase price with the sums payable out of the net proceeds of such sale to the holder of such notes and coupons as his ratable share of such net proceeds.

The Trustee, however, instead of exercising the power of sale herein conferred upon it, shall at the request in writing of the holders of twenty-five per cent. in principal amount of said notes then outstanding and upon being indemnified to its satisfaction, or on its own motion may, proceed by a suit or suits at law or in equity, as the Trustee may be advised by counsel, to enforce the payment of said notes, and to foreclose this trust agreement and sell the securities constituting the trust estate under the judgment or decree of a court or courts of competent jurisdiction.

SECTION 3.—In the event of any default hereunder on the part of the Company the Trustee shall be entitled, in its own name and as the trustee of an express trust, to enforce the payment of said notes and coupons and of any and all deficiencies, or amounts remaining due and unpaid, upon any or all of the said notes and coupons outstanding, or any portion of indebtedness on said notes and coupons remaining due and unpaid, with interest.

SECTION 4.—Upon the making of any sale of the securities pledged hereunder, or in case the said securities shall be sold and the security hereby created for the benefit of the noteholders be enforced pursuant to judicial proceed-

ings, then and in such event, the principal of all of said notes which shall have been issued and shall then be outstanding hereunder, if not at the time due and payable, shall forthwith become due and payable with the interest then accrued and unpaid, anything in said notes or in this agreement to the contrary notwithstanding.

SECTION 5.—No remedy by the terms of this agreement conferred upon or reserved by the Trustee (or note-holders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity. No noteholder or noteholders shall be entitled to take any such proceedings as are authorized by this Article Seven to be taken by the Trustee except in case of refusal or neglect of the Trustee to act after request by the holders of fifteen per centum (15%) in principal amount of notes outstanding hereunder and tender to it by such noteholders of satisfactory indemnity.

SECTION 6.—The proceeds of any sale made by the Trustee hereunder, or pursuant to judicial proceedings, shall be applied as follows:

First.—To the payment of the costs and expenses of such sale, including a reasonable compensation to the Trustee, its agents, attorneys and counsel, and all expenses, liabilities and advances made or incurred by the Trustee in connection therewith.

Second.—To the payment of the whole amount of principal and interest which shall then be due and unpaid on said notes, together with interest on overdue instalments of interest at the rate of six per centum (6%) per annum, and in case of the insufficiency of such proceeds to

pay in full the whole amount of such principal and interest, then to the payment of such principal and interest *pro rata*, without preference or priority of any one note over another, or of principal over interest, or interest over principal, but ratably to the aggregate amount of such principal and interest then accrued and unpaid; subject, however, to the provisions of Section 4 of Article Three of this agreement.

Third.—Any surplus then remaining from the proceeds of the sale of said securities shall be paid to the Company.

ARTICLE EIGHT.

IMMUNITY OF OFFICERS AND DIRECTORS.

No recourse under or upon any obligation, covenant or agreement herein contained or contained in any of the notes or coupons issued hereunder shall be had against any incorporator, or any past, present or future stockholder, officer, or director of the Company, or of any successor company, either directly or through the Company, by the enforcement of any assessment, or by any legal or equitable proceedings by virtue of any statute or otherwise; it being expressly agreed and understood that this agreement and the obligations hereby secured are solely corporate obligations and that no personal liability whatever does or shall attach to, or be incurred by, the incorporators, or any past, present, or future stockholder, officer, or director of the Company, or any of them, under or by reason of any of the obligations, covenants or agreements herein contained, or contained in any of the said notes or coupons, or implied therefrom, and that any and all personal liability of every name and nature either at common law or in equity or by statute or constitution of every such incor-

porator, stockholder, officer, or director, is hereby expressly released as a condition of, and consideration for, the execution and issue of this agreement and such notes and coupons.

ARTICLE NINE.

SATISFACTION OF THE PLEDGE.

If, when the notes hereby secured shall have become due and payable, either by maturity, declaration, or call for redemption, the Company shall well and truly pay or cause to be paid the whole amount of the principal and interest due upon all of the notes hereby secured then outstanding, or shall provide for such payment by depositing with the Trustee for the payment such principal and interest thereon the entire amount due for principal and interest, or said entire amount of principal and interest shall be otherwise paid and discharged, and the Company shall also pay or cause to be paid all other sums payable hereunder by it to the Trustee and to the holders of the notes and coupons, then and in any such case the estate, right, title and interest of the Trustee in and to the securities pledged hereunder shall thereupon cease, determine and become void and the Trustee shall in any such case, at the cost and expense of the Company, cancel this agreement, and on the demand of the Company transfer and deliver to it all the securities and any sums of money then held under this agreement other than money held for the payment of notes or coupons.

ARTICLE TEN.

CONCERNING THE TRUSTEE.

SECTION 1.—The Trustee shall not be answerable for the default or misconduct of any agent or attorney appointed by it in pursuance hereof, if such agent or

attorney shall have been selected with reasonable care; nor for anything whatever in connection with this trust, except its own wilful misconduct or gross negligence. The Trustee shall not be responsible for the recitals herein or in said notes contained, nor shall it be concerned with or accountable for the use or appropriation by the Company of the said notes or the proceeds thereof. The Trustee shall be reimbursed and indemnified by the Company against any liability or damages it may sustain or incur in the premises. The Trustee shall be protected in any action taken by it upon any notice, resolution, vote, request, consent, certificate, affidavit, statement, note, coupon or other paper or document believed by it to be genuine and to have been signed by the proper parties. The Trustee shall have no responsibility for the validity of this instrument or for the validity of the execution or acknowledgment hereof, or of any of said notes, by the Company. The Trustee makes no representation as to the sufficiency of the security purported to be created hereby for the benefit of the notes and coupons issued or to issued hereunder.

SECTION 2.—The Trustee shall not be under any obligation to take any action towards the execution or enforcement of the trust hereby created which, in its opinion, shall be likely to involve it in expense or liability, unless one or more of the holders of the said notes, hereby secured, shall, as often as required by the Trustee, furnish to it indemnity satisfactory to it against any such expense or liability. The Trustee shall not be required to take notice or be deemed to have notice of any event creating or constituting a default hereunder or a default under the mortgage or mortgages securing the bonds pledged or to be pledged hereunder unless it shall have been specifically notified of such default in writing by the holders of five

per cent. (5%) in principal amount of the notes at the time outstanding hereunder.

SECTION 3.—Any request, notice or direction to the Trustee by the Company, except as elsewhere in this agreement otherwise provided, shall be evidenced by a copy of a resolution of the board of directors of the Company, certified by its secretary or an assistant secretary under its corporate seal. In any case where the Trustee may require evidence preparatory to taking or refraining from taking any action under this agreement at the request or direction of the Company, or otherwise, the Trustee may, except where herein otherwise provided, accept the certificate of the president or a vice-president and the secretary or an assistant secretary of the Company as conclusive evidence of any pertinent fact; and such certificate shall be full protection to the Trustee for any action taken or omitted by it in reliance upon the faith thereof.

SECTION 4.—The Trustee may, in its discretion, advise with counsel to be selected and employed by it at the expense of the Company, and anything done or suffered in good faith by the Trustee in accordance with the opinion of counsel shall be conclusive in favor of the Trustee and binding upon the Company and on all holders of notes hereby secured.

SECTION 5.—The Trustee shall be entitled to reasonable compensation (which shall not be limited by any law in relation to the compensation of trustees of an express trust) for all services rendered by it in the execution of the trust hereby created, which compensation, as well as all reasonable expenses, including counsel fees, the Company agrees to pay.

SECTION 6.—The Company covenants that upon demand of the Trustee, it forthwith will pay all compensation of and expenditures incurred by the Trustee under any of the provisions of this agreement, and the Trustee shall have a lien under this agreement, preferential to the notes hereby secured, upon all property acquired or held by said Trustee under and according to the terms of this agreement for all the expenditures and compensation aforesaid.

SECTION 7.—The Trustee may acquire or hold notes and coupons hereby secured with the same right which it would have if it were not Trustee.

SECTION 8.—The Trustee shall allow upon any money which it may at any time receive or hold under any of the provisions of this agreement interest at such rates as it allows at the same time upon other deposits of similar character, and such interest shall be paid to the Company while not in default hereunder.

SECTION 9.—The Trustee may resign the trust hereby created and become and remain wholly discharged from all further duty or responsibility thereunder, upon giving thirty (30) days' notice in writing to the Company or any officer thereof, or such shorter notice as the Company may accept as sufficient. Service of such notice by mail, addressed to the Company, at 30 Church Street, New York, N. Y., shall be sufficient service thereof.

SECTION 10.—The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee and the Company, and signed by the holders of a majority in amount of the notes hereby secured and then outstanding.

SECTION 11.—In case at any time the Trustee or any trustee or trustees hereafter appointed, shall resign or shall be removed or be dissolved or otherwise shall become incapable of acting, a successor may be appointed by the holders of a majority in amount of the notes hereby secured and then outstanding, by an instrument or concurrent instruments in writing, signed by such noteholders or by their attorneys in fact duly authorized; provided, nevertheless, and it is hereby agreed and declared, that in case at any time there shall be a vacancy in the office of trustee hereunder, the Company by instrument executed by order of its board of directors may appoint a trustee to fill such vacancy until a new trustee shall be appointed by the noteholders as herein authorized. The Company shall publish notice of any such appointment by it made once in each week for two consecutive weeks in a daily newspaper of general circulation published in the Borough of Manhattan, City of New York, and in a daily newspaper of general circulation published in the City of Chicago. Any new trustee appointed by the Company shall immediately and without further act be superseded by a trustee appointed by the noteholders in the manner above specified, provided that such appointment be made prior to the expiration of six months from the date of the first publication of such notice. Every such trustee appointed by the noteholders or by the Company shall always be a trust company in good standing having a capital, surplus and undivided profits aggregating not less than three million dollars, if there be such a trust company willing and able to accept the trust upon reasonable or customary terms.

Any new trustee appointed hereunder shall execute, acknowledge and deliver to the trustee last in office, and to the Company, an instrument accepting such appointment hereunder; and thereupon such new trustee with-

out any further act, deed, or conveyance shall become fully vested with all the securities, properties, rights, powers, trusts, duties, and obligations of its predecessor in trust hereunder with like effect as if originally named as trustee herein; but the trustee ceasing to act shall nevertheless on the written request of the Company or of the new trustee and at the cost and expense of the Company, execute any and every instrument necessary or convenient to transfer to such new trustee, upon the trusts herein expressed, all the securities, properties, rights, powers and trusts of the trustee ceasing to act, and shall duly assign, transfer and deliver all securities, property and moneys held by such trustee to the new trustee, and the delivery by such trustee so ceasing to act to such new trustee of all securities, property and moneys held by it under this agreement shall fully relieve and discharge the trustee so ceasing to act from all liability or responsibility therefor either to the Company or to the holder of any notes or coupons secured hereby.

SECTION 12.—Any demand, request, assent or other instrument provided by this agreement to be signed and executed by noteholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such noteholders, in person or by agent appointed in writing. Proof of the execution of any such demand, request or other instrument, or of the writing appointing any such agent, and of the ownership by any person of coupon notes transferable by delivery, shall be sufficient for any purpose of this agreement, and shall be conclusive in favor of the Trustee or of the Company with regard to any action taken by it under such demand, request or other instrument, if such proof be made in the following manner:

The fact and date of the execution by any person of any such demand, request or other instrument or writing may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the person signing such demand, request or other instrument acknowledged the execution thereof, or by an affidavit of a witness of such execution.

The fact of the holding by any noteholder of any notes transferable by delivery and the amount and issue number of such notes, and the date of holding the same, may be proved by a certificate executed by any trust company, bank, bankers, or other depository wherever situated, whose certificate may be taken by the Trustee to be satisfactory, showing that at the date therein mentioned such person had on deposit with such depository the notes described in such certificate. The ownership of registered notes shall be proved by the books of registry of such notes.

ARTICLE ELEVEN.

MISCELLANEOUS.

Nothing in this agreement expressed or mentioned, or in the notes issued and to be issued hereunder, or to be implied therefrom, is intended or shall be construed to give to any person or corporation, other than the parties hereto and the holders of notes issued under and secured by this agreement, any legal or equitable right, remedy or claim under or in respect of this agreement or of any covenant, condition or provision therein contained; all such covenants, provisions and conditions being intended to be and being for the sole and exclusive benefit of the parties hereto, and of the holders for the time being of the notes hereby secured.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed by their respective presidents or vice-presidents and their respective corporate seals to be hereto attached, attested by their respective secretaries or assistant secretaries as of the first day of March, 1918.

Executed in duplicate.

AMERICAN GAS AND ELECTRIC COMPANY,
By R. E. BREED
President.

Attest:

FRANK B. BALL
Secretary.

[CORPORATE SEAL]

Signed, Sealed and Delivered by
AMERICAN GAS AND ELECTRIC COMPANY

In the Presence of:
M. F. MILLIKAN
E. M. COBB

THE NORTHERN TRUST COMPANY,
By WM. S. MILLER
Vice-President.

Attest:

S. C. STALLWOOD
Ass't Secretary.

Signed, Sealed and Delivered by
THE NORTHERN TRUST COMPANY

In the Presence of:
J. V. MITCHELL
A. V. HOW.

[CORPORATE SEAL]

STATE OF NEW YORK, }
 County of New York. } ss.:

I, ADRIAN L. FOLEY, a Notary Public, do hereby certify that R. E. Breed and Frank B. Ball, personally known to me to be the same persons whose names are subscribed to the foregoing instrument and personally known to me to be the President and the Secretary, respectively, of AMERICAN GAS AND ELECTRIC COMPANY, appeared before me this day in person and acknowledged that they signed, sealed and delivered the said instrument as their free and voluntary act as such President and Secretary, respectively, and as the free and voluntary act of said American Gas and Electric Company for the uses and purposes therein set forth.

GIVEN under my hand and Notarial seal this 23rd day of March, 1918.

ADRIAN L. FOLEY
 Notary Public
 New York County Clerks No. 299
 New York Register No. 9245
 My Commission expires March 30, 1919.

[NOTARIAL SEAL]

STATE OF ILLINOIS, }
 County of Cook. } ss.:

I, IRVING M. L. HANSON, a Notary Public, do hereby certify that Wm. S. Miller and S. C. Stallwood, personally known to me to be the same persons whose names are subscribed to the foregoing instrument and personally known to me to be the Vice-President and the Asst. Secretary, respectively, of The Northern Trust Company, appeared before me this day in person and acknowledged that they signed, sealed and delivered the said instrument as their free and voluntary act as such Vice-President and Asst. Secretary, respectively, and as the free and voluntary act of said The Northern Trust Company for the uses and purposes therein set forth.

GIVEN under my hand and Notarial seal this 25th day of March, 1918.

IRVING M. L. HANSON,
 Notary Public.
 Comm. expires Sept. 28, 1918.

[NOTARIAL SEAL]



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